UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS HOUSTON DIVISION

SECURITIES AND EXCHANGE

COMMISSION,

:

Plaintiff,

•

v. : Civil Action No. 4:18-cv-1098

•

THE LIFEPAY GROUP, LLC, et al.

:

Defendants.

:

PLAINTIFF'S RESPONSE OPPOSING DEFENDANT WATT'S MOST RECENT MOTION TO STAY

The SEC opposes the Motion to Temporarily Stay Litigation filed by Defendant Michael E. Watts [Doc. 42] and respectfully shows the following:

- 1. On July 13, 2018, Watts filed a Motion to Stay [Doc. 14], which the Court denied. [Doc. 16.]
- 2. On May 10, 2019, Watts filed his second Motion to Stay [Doc. 42], this time setting forth the frivolous argument that "[d]ue to Defendant Watts lapse in Appropriations, [he] has been shutdown . . . [and] all of [his] staff and attorneys have been furloughed and are prohibited from working." [Doc. 42, ¶ 1.] He cites only the Court's order granting Plaintiff's request for a brief stay during the pendency of the U.S. government shutdown in January 2019.

- 3. Obviously, Watts is an individual, not an agency of the United States government, and is not dependent upon Congress to appropriate funds for him to operate. This argument is frivolous on its face and not made in good faith. At a minimum, it is not a basis upon which to grant a stay. Watts sets forth no valid argument supporting his contention that this civil case should not go forward based on his "lack of funds."
- 4. Furthermore, the Court has already considered and rejected his prior motion to stay the litigation [Doc. 14], and his co-Defendant's motion to stay [Doc. 19]. *See* Orders Denying Stay, Docs. 16, 21.
- 5. For the forgoing reasons—and for the reasons set forth in the SEC's previous opposition briefs analyzing these issues [Docs. 15 and 20]—the Court should deny Watts's motion.

Dated: May 22, 2019 Respectfully submitted,

/s/ Jennifer D. Reece

Jennifer D. Reece

Attorney-in-Charge

Texas Bar No. 00796242

S.D. Bar No. 899792

Timothy S. McCole

S.D. Tex. Bar No. 37943

Mississippi Bar No. 10628

U. S. Securities and Exchange Commission

Burnett Plaza, Suite 1900

801 Cherry Street, Unit #18

Fort Worth, Texas 76102-6882

Tel: (817) 978-6442(jr) Fax: (817) 978-4927

reecej@sec.gov

COUNSEL FOR PLAINTIFF SECURITIES AND EXCHANGE COMMISSION

CERTIFICATE OF SERVICE

I affirm that on May 22, 2019, I electronically filed the foregoing document with the Clerk of the Court for the Southern District of Texas, Houston Division, and have served all parties by mail in accordance with Fed.R.Civ.P. 5.

MAIL:

The Lifepay Group, LLC SMDRE, LLC c/o Clifton Stanley 2207 Post Office Street Apartment 206 Galveston, Texas 77550

Michael Watts 3807 Lakeridge Canyon Drive Sugar Land, Texas 77498

> <u>s/Jennifer Reece</u> Jennifer Reece